

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 DODE-00 NSAE-00 USIA-06
TRSE-00 ERDA-05 CIAE-00 COME-00 MC-02 ACDA-07
FAA-00 DOTE-00 CAB-02 L-03 /045 W
-----001178 201742Z /47

R 201657Z JUL 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9971
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL BREMEN

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 11967

E.O. 11652: N/A
TAGS: EAIR, GW, FR, UK
SUBJECT: BOEING AND LUFTHANSA

REF: A. BONN 11454 B. BONN 6302

1. LUFTHANSA PURCHASE OF BOEING 747'S AND 727'S DIS-
CUSSED REF A WAS APPROVED BY LUFTHANSA SUPERVISORY BOARD
ON JULY 14 AND ANNOUNCED TO THE PRESS JULY 15. FOR
UNKNOWN REASONS, THE OPTIONS ON EIGHT 727'S WERE
APPROVED BUT NOT ANNOUNCED.

2. ACCORDING TO BOEING REPRESENTATIVE RUDY HILLINGA,
THIS SALE DOES NOT AFFECT LUFTHANSA PLANS TO BUY
NEW 120-160 AND 200 SEAT AIRCRAFT FOR DELIVERY BEGIN-
NING IN EARLY 1980'S. BOEING IS HOPING TO WIN
THESE CONTRACTS ALSO BUT HAS ITS WORK CUT OUT FOR IT
IN VIEW OF CURRENT BOEING INTENTIONS FOR NEW AIRCRAFT
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DEVELOPMENT.

3. HILLINGA SAID THAT, TO MEET WISHES OF UNITED
AND DELTA, BOEING NOW PLANNING A 200 SEAT 7N7 INSTEAD
OF A 120 TO 160 SEATER AS PREVIOUSLY. THIS WOULD
PUT THE 7N7 IN DIRECT COMPETITION WITH THE AIRBUS B-10
WHICH LUFTHANSA CURRENTLY INTENDS TO PURCHASE. IN

FACT, HILLINGA BELIEVES THAT IT WAS LUFTHANSA'S
URGING THAT BROUGHT THE FEDERAL GOVERNMENT AROUND TO
PUSHING FOR A GO-AHEAD ON THE B-10. THE B-10
HAS THE ADVANTAGE OVER THE 7N7 THAT IT WILL BE A
WIDE BODY AIRCRAFT WITH SUPERIOR CARGO HAULING ABILITY
AND WILL HAVE A LARGE DEGREE OF COMMONALITY WITH THE
AIRBUS A-300'S WHICH LUFTHANSA ALREADY HAS.

4. DESPITE THIS, HILLINGA BELIEVES THAT BOEING HAS
AN EXCELLENT CHANCE OF SELLING LUFTHANSA AND THE
MAJORITY OF OTHER AIRLINES AROUND THE WORLD ON THE
7N7 BECAUSE OF ITS GREATLY SUPERIOR ECONOMICS. HE
BELIEVES THAT AIRLINES SIMPLY CANNOT AFFORD TO PASS
UP THE 7N7 WHICH BOEING BELIEVES WILL HAVE A COST
PER SEAT MILE MORE THAN 5 PERCENT LESS THAN ANY
COMPETITOR. HILLINGA SAID THAT LUFTHANSA TOLD HIM
THAT IF IN FACT THE ECONOMICS ARE THAT GREAT,
LUFTHANSA WILL BUY THE 7N7 INSTEAD OF THE B-10 DESPITE
FEDERAL GOVERNMENT INVOLVEMENT IN THE B-10.

5. AS NOW ENVISAGED THE 7N7 WILL BE A STANDARD WIDTH,
TWO ENGINE (GENERAL ELECTRIC CF6-32) AIRCRAFT WITH A
SUPER-CRITICAL WING AND A RANGE OF 2,000 TO 2,500
MILES. THE FUSELAGE IS BASICALLY A STRETCHED 727
WITH A COCKPIT IDENTICAL TO THE 727. SINCE ITS
SEATING CAPACITY IS APPROXIMATELY THAT OF THE 7X7,
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THE LATTER PROJECT, AFTER BECOMING THE ONE OF PRIME
INTEREST A MONTH OR SO AGO, IS NOW ONCE MORE ON THE
BACK BURNER.

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R 201657Z JUL 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9972
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LUFTHANSA PREVIOUSLY HAD BEEN INTERESTED IN THE 7N7 AS A FOLLOW-ON TO THE 737. THIS MARKET WOULD NOW SEEM TO BE LEFT TO THE FRENCH ASMR AIRCRAFT OR THE BRITISH X-11. HOWEVER, HILLINGA SAID, BOEING CONSIDERS THAT THIS IS ITS MARKET AT PRESENT AND IT HAS NO INTENTION OF LETTING IT GET AWAY. BOEING'S ENTRY IN THIS FIELD MIGHT BE A SMALLER VERSION OF THE 7N7 BUT IT IS MORE LIKELY TO BE A SLIGHTLY STRETCHED AND RE-ENGINE (RE-FANNED ENGINES) 737. LUFTHANSA IS INTERESTED IN THE X-11, HILLINGA SAID, BUT IS DUBIOUS OF DEALING WITH THE UK INDUSTRY WHOSE RELIABILITY IS SUSPECT. HILLINGA BELIEVES BOEING HAS A GOOD CHANCE OF BEING LUFTHANSA'S ULTIMATE CHOICE IN THIS CATEGORY AS WELL.

COMMENT: DESPITE HILLINGA'S ENTHUSIASM AND OPTIMISM, WHICH WE BELIEVE TO BE SINCERE AND NOT JUST SALESMAN'S LIMITED OFFICIAL USE

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BLARNEY, BOEING IS IN ROUGHLY THE SAME POSITION VIS-A-VIS LUFTHANSA AS IT WAS A YEAR AGO; THAT IS, STILL NOT DEFINITELY DECIDED TO GO AHEAD ON ANY ONE PROJECT AND CHANGING CONCEPTS FROM MONTH TO MONTH. IN THE MEANTIME, LUFTHANSA APPEARS TO BE GETTING CLOSER TO A COMMITMENT TO PURCHASE B-10'S. BOEING UNDERSTANDABLY IS MORE CONCERNED WITH THE WISHES OF THE BIG US CARRIERS, AND THIS PRE-OCCUPATION MIGHT COST IT A GOOD PART OF THE EUROPEAN MARKET.
STOESSEL

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Disposition Approved on Date:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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